



Frank J. Kelly  
President and Chief Executive Officer

WRITTEN TESTIMONY OF  
FRANK J. KELLY  
PRESIDENT AND CEO of THE DANBURY HOSPITAL  
RESPECTFULLY SUBMITTED TO THE  
APPROPRIATIONS COMMITTEE  
Thursday, February 11, 2010

REGARDING HB 5018, AN ACT MAKING ADJUSTMENTS TO STATE  
EXPENDITURES AND REVENUES FOR THE STATE FISCAL YEAR ENDING  
JUNE 30, 2011

I am Frank J. Kelly, president and CEO of Danbury Hospital in Danbury, CT. I respectfully submit this written testimony for your consideration in opposition to **HB 5018, An Act Making Adjustments to State Expenditures And Revenues For The State Fiscal Year Ending June 30, 2011.**

Danbury Hospital is a nationally recognized acute care provider that has been providing high quality care to residents of western Connecticut for 125 years. Our mission is to promote health and wellness in partnership with those that we serve. We offer care that is patient centered and community oriented. We provide access to the most skilled professionals, the highest quality of care, and the latest technology to all those who need it, regardless of ability to pay, twenty-four hours a day, seven days a week year-round. ***Our community benefit investment in health promotion and prevention, charity care and other mission driven programs and services exceeded \$80 million dollars in 2009.***

Danbury Hospital is a community safety net on many levels. We are integral to the quality of life and health in our communities and our organization is the largest employer and a tremendous economic driver for this region. Our employees number close to 4,000 and we generate tens of millions of dollars in economic impact for this region. I believe our community would agree that the health of our community is absolutely linked to the health of this hospital.

Danbury Hospital has lost millions of dollars over the past few years alone due to under-reimbursement for Medicaid and SAGA patients. ***If HB5018 is enacted, Danbury Hospital could be negatively impacted at close to \$4 million dollars.*** In addition, during this time, one of the traditional means hospitals use to make ends meet – non-operating (investment) income – fell short of what was expected by several million.

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The magnitude of these losses cannot be ignored – we expect it will take many years to recover what was lost. Additionally, since the start of the recession, about 100,000 Connecticut residents have lost jobs and employer-paid health insurance coverage, and the Medicaid and SAGA populations have increased by 75,000; combined enrollment in those programs now stands at about 500,000 – a little more than 14 percent of the state population.

***I strongly oppose that reduction and urge you to pay Danbury Hospital and all Connecticut's hospitals the Medicaid rate for services under the SAGA program as provided for in the budget.***

As you may know, the SAGA program has been the focus of much legislative attention for several years. The SAGA program was significantly modified in 2004 and subjected hospitals, pharmacies, and Community Health Centers to a cap based on available appropriations. Over time, DSS removed the cap from all providers except hospitals. Today, SAGA non-hospital providers are paid one hundred percent of the Medicaid rate while hospitals are paid about 43 percent of the Medicaid rate.

As of this time, DSS has not taken the administrative steps needed to implement an 1115 waiver for the SAGA program as directed by the legislature and does not plan to do so until July 1, 2011 – ***a full seven and a half years after first directed by the legislature to do so.*** In a letter dated January 20, 2010, DSS stated that the further delay is due to the uncertainty created by federal healthcare reform.

The biennial budget passed in September 2009 provided the funding needed to raise hospital SAGA rates up to Medicaid effective January 1, 2010. This new budget makes it clear that DSS will not be implementing existing law in the time frame required. ***The funds necessary to raise hospital SAGA rates to Medicaid have been appropriated and will be matched with or without a waiver.*** It is imperative to start paying hospitals in accordance with the biennium budget at the Medicaid rate for SAGA and finally put hospitals on par with all other providers to the SAGA program. This change can be accomplished by modifying section 17b-192(f) to read:

(f) The Commissioner of Social Services shall [within available appropriations,] make payments to hospitals for inpatient and outpatient services at the Medicaid rate.[based on their pro rata share of the costs of services provided or the number of clients served, or both.] The Commissioner of Social Services shall, within available appropriations, make payments for any non-hospital ancillary or specialty services provided to state-administered general assistance recipients under this section based on a methodology determined by the commissioner.

Thank you for your consideration on this matter.